

## Message Text

LIMITED OFFICIAL USE

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ACTION L-03

INFO OCT-01 EUR-12 ISO-00 CIAE-00 COME-00 DODE-00  
DOTE-00 EB-08 FMC-01 INR-10 NSAE-00 CG-00 DLOS-09  
OES-09 CAB-02 FAA-00 TRSE-00 OMB-01 /056 W  
-----034662 021211Z /45  
R 011736Z AUG 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 5564  
INFO ALL EC CAPITALS

LIMITED OFFICIAL USE PARIS 24082

E.O. 11652 NA  
TAGS: ETRN  
SUBJ: TAXATION OF INSTRUMENTS OF FOREIGN COMMERCE

REFS: (A)PARIS 22991 ET AL; (B) STATE 191803

1. REPRESENTATIVES OF THE FRENCH MINISTRY OF FINANCE  
(DIRECTION GENERAL DES IMPOTS) AND US FIRMS IN FRANCE  
IN THE TRANSPORT SECTOR PROVIDED FOLLOWING INFORMATION  
IN RESPONSE TO QUESTIONS IN REFTEL B.

2. HOST GOVERNMENT AND ITS CONSTITUENT PARTS DO NOT,  
RPT DO NOT, IMPOSE PROPERTY TAXES ON US INSTRUMENTS OF  
FOREIGN COMMERCE. THIS IS PURSUANT TO AN EXCHANGE OF  
LETTERS DATED JULY 28, 1967 ANNEXED TO THE TAX  
CONVENTION OF THE SAME DATE. NORMALLY FOREIGN FIRMS  
IN FRANCE ARE SUBJECT TO A VARIETY OF TAXES (SEE REFTEL  
A) INCLUDING THE TAXE PROFESSIONELLE, WHICH IS BASED  
IN PART OF THE VALUE OF FIXED ASSETS OF THE FIRM, AND  
IN PART ON THE SUM OF LYE FIRM'S SALARIES. THE  
EXCHANGE OF LETTERS SPECIFICALLY EXEMPTS FIRMS  
ENGAGED IN MARITIME AND AIR TRANSPORT FROM THIS TAX.

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3. THIS IS A RECIPROCAL ARRANGEMENT BASED  
ON A SPECIAL PROVISION OF THE BILATERAL CONVENTION  
BETWEEN THE US AND FRANCE.

4. THERE IS NO PROVISION FOR RETALIATORY ACTION.  
HOWEVER, THE EXCHANGE GUARANTEES THAT THE USG WILL  
"DO ITS BEST" TO PERSUADE ANY STATE WHICH MIGHT

DESIRE TO ASSESS TAXES ON A FOREIGN FLAG CARRIER AGAINST THIS COURSE OF ACTION. IF THE USG WAS UNSUCCESSFUL IN PERSUADING THE STATE, FRENCH OFFICIALS INDICATE THAT THE GOF MIGHT REGARD THE EXCHANGE, INCLUDING THE EXEMPTION FROM THE TAXE PROFESSIONELLE, AS NO LONGER VALID.

5. IN PRACTICE, THIS EXEMPTION APPLIES TO FOREIGN CARRIERS SUCH AS TWA. HOWEVER,CTI, CONTAINER TRANSPORT INTERNATIONAL, REPORTS THEY DO PAY IT. CTI INDICATED THEY DO NOT PAY CUSTOMS DUTIES NOR TVA ON THEIR CONTAINERS AS LONG AS THE CONTAINERS DO NOT REMAIN IN FRANCE LONGER THAN SIX MONTHS. THE VALUE OF THE CONTAINERS WOULD HOWEVER BE INCLUDED IN THE CALCULATION OF THE TAXE PROFESSIONELLE.  
HARTMAN

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INSTRUMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 aug 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978PARIS24082  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780316-0147  
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**From:** PARIS  
**Handling Restrictions:** n/a  
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**Legacy Key:** link1978/newtext/t197808112/aaaadqbt.tel  
**Line Count:** 78  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
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**Message ID:** 4a246b59-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION L  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 PARIS 22991, 78 STATE 191803  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1577612  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** TAXATION OF INSTRUMENTS OF FOREIGN COMMERCE  
**TAGS:** ETRN  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/4a246b59-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014